

ASSEMBLY BILL

No. 511

Introduced by Assembly Member Richman

February 16, 2005

An act to add Title 19 (commencing with Section 99100) to the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 511, as introduced, Richman. Public employees' retirement.

Existing law provides retirement and death benefits to public employees determined by formulas based on age, service credit, and salary, under a variety of programs, including the Public Employees' Retirement System and the State Teachers' Retirement System, which are commonly known as defined benefit plans. Existing law also provides, in limited instances, for public agency payments to defined contribution plans.

This bill, on and after July 1, 2007, would prohibit public agency contributions to a defined contribution plan for employees covered by the federal Social Security Act from exceeding 6% of an employee's base salary, as defined, except that contributions of up to 9% would be permitted for sworn police officers and full-time firefighters. The bill would permit a public agency to contribute up to an additional 3% of base salary for employees who are not covered by social security. The bill would permit these limits to be exceeded with respect to local public agencies comprised of directly elected public officials upon a 2/3 vote of the electorate of that agency. The bill would require matching employee contributions for public agency contributions to a defined contribution plan in excess of 3%, or 4.5% for sworn police officers or full-time firefighters, as specified. The bill would condition its operation upon the approval of a specified constitutional

amendment, which would permit new employees of public agencies, on and after July 1, 2007, to enroll only in defined contribution plans.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and cited as “The Fair
2 and Fiscally Responsible Public Employee Retirement Act.”

3 SEC. 2. Title 19 (commencing with Section 99100) is added
4 to the Government Code, to read:

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6 TITLE 19. CALIFORNIA PUBLIC EMPLOYEE DEFINED
7 CONTRIBUTION PLAN

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9 CHAPTER 1. GENERAL PROVISIONS

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11 99100. (a) On and after July 1, 2007, the contribution of a
12 public agency to a defined contribution plan for employees
13 covered by the federal Social Security Act shall not exceed 6
14 percent of an employee’s base salary, which shall not include
15 overtime, vacation, or sick leave allowances, except that a public
16 agency’s contributions up to 9 percent of an employee’s base
17 salary may be made for sworn police officers and full-time
18 firefighters. For employees who are not covered by the federal
19 Social Security Act, a public agency may contribute up to an
20 additional 3 percent of base salary.

21 (b) A public agency shall not make a contribution to a defined
22 contribution plan in excess of 3 percent of salary without a
23 qualified matching contribution from the employee, except in the
24 case of sworn police officers and full-time firefighters. For a
25 sworn police officer or full-time firefighter that contribution may
26 be 4.5 percent. A qualified matching contribution under this
27 section shall be at least one dollar (\$1) from the employee for
28 every two dollars (\$2) by the public agency, up to the limits
29 established in subdivision (a). Employees may make additional
30 unmatched contributions up to the limits established by federal
31 law.

32 (c) With respect to any local public agency governed by
33 directly elected public officials, the limits imposed by

1 subdivision (a) may be exceeded upon a vote of two-thirds of the
2 electorate of that public agency.

3 (d) “Public Agency” and “Defined Contribution Plan” have
4 the same meaning as set forth in Section 8 of Article XX of the
5 California Constitution.

6 SEC. 3. This act shall not become operative unless Assembly
7 Constitutional Amendment 5 of the 2005-06 Regular Session is
8 approved by the voters and becomes operative.

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